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### INFORMATIONAL STAFF REPORT

**TO:** THE HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL  
**MEETING DATE:** SEPTEMBER 16, 2024  
**FROM:** DAN LAFONTAINE, PUBLIC WORK DIRECTOR  
**SUBJECT:** NEW WWTP PLANNING STATUS UPDATE

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**WWTP PLANNING UPDATE:** Staff have held a series of discussions with various experts to start to refine the preferred alternative for a new Sutter Creek Wastewater plant. In addition to aging infrastructure, we are facing decision on disposal and growth. As Council knows, staff are engaged in the dissolution of the ARSA JPA. As part of this dissolution, new contracts are being created with AWA and Amador City.

#### **CAPACITY**

The City currently has capacity for about 180 additional residential units of treatment. This includes some old “will serves” as well as past commitments to Amador City and AWA. The plant has not been running at capacity with several components broken. With fixes and expiration of old will serves, Staff believes we can reclaim enough capacity to continue without running out of capacity until a new plant comes online. However, this depends on the amount of development. Any development will need to pay impact fees to help fund future improvements.

#### **REGIONAL WATER BOARD**

The City has been in discussions with the Water board to discuss the limitations of creek discharge (year-round vs seasonal). Early feedback is, there is no difference in requirements whether year around or seasonal. The process is both technical and political. Sutter Creek must demonstrate to the Water Board that it can safely operate a tertiary plant.

Discussions have also centered around the capabilities of the new WWTP to meet future regulatory effluent discharge limitations (phosphates, nutrient levels, nitrogen levels and possible PFAS (Forever chemicals)). We are currently operating under an old permit, which lets us operate with few constraints. Whether we build a new plant or not, the water board will want to update our operation permit to improve the quality of that effluent.

As we plan and design a tertiary treatment WWTP the level of monitoring and sampling will be increased (vs secondary treatment). The new WWTP will also contain more automation which will aid in these new requirements.

The water board has requested a water balance from ARSA and all parties involved in the ARSA system (Ione and CDCR, Castle Oaks). Currently the City has partnered with Hydro sciences to update our internal water balance. A group effort is underway to share each individual water balances with the other

members of ARSA (City of Ione, Castle Oaks, and CDCR). ARSA's response on the individual water balance is due by the end of the year

### **DESIGN AND CONSTRUCTION**

Staff have met with multiple engineering design and construction firms as well as firms that do both to get insights into cost effectively planning for the new WWTP.

Two main methods of procurement are design-build and the traditional design-bid-build method. The design-build procurement and delivery method provide a public agency with a single point of contact for both the design and construction phases of the project. Unlike the traditional design-bid-build process, the team members collaborate throughout the process to make scope, technology and equipment decisions. Done well, design-build saves time and money, ensuring that the design is buildable with minimal hand-off between companies. Design Build contracts can help ensure that we can complete a project on time and on budget.

The downside of Design-build is that you are selecting your construction partner at the start of the process. You lose independence of the designer from the construction firm. And some forms of financing may be unavailable.

However, as we've talked to government agencies, Design-Build is gaining favor and more and more funding sources are allowing Design-Build. The state revolving fund (SRF) is the largest one that does not currently allow design-build. However, the success rate with SRF is low and it takes 3-5 years to get funded, so this may not be an issue for us.

Once the method of procurement has been established, Staff will prepare a Request for Proposal (RFP) in the coming months to pick a firm to represent the City in the implementation of a new WWTP.

We have talked to two large, well-known firms:

Burns and McDonald - <https://www.burnsmcd.com/>

Large firm (\$7B in annual revenue) that does traditional design-build., Have done a lot projects throughout the US. Interested in getting into wastewater construction in California. Traditional firm, minimal help on financing side.

Schneider Electric - <https://www.se.com/us/en/>

Global firm (\$39B in annual revenue), has done several wastewater projects in California already. They appear to be fuller service, helping with lining up financing as well as engineering and construction.

We have also talked to Hydrosiences and Jos West as design only firms.

Staff is leaning towards the design-build approach if we are confident, we can assemble the funding. The design-build firms have reviewed our master plans and the recent Carollo reports. They are recommending a modular approach and have made ballpark estimates of a new plant cost of less than \$50M.

### **FUNDING DISCUSSIONS:**

Funding will come from user rates, possible development fees, and a mix of loans and grants. Before any firm moves forward with us, it is in both of interests to ensure that we can complete the project financially. Some firms are used to working with larger cities that have the staff to manage the financing independently. Given our small staff, we are seeking a firm that can help us assemble all the pieces.

A primary source of funding will be bonding the rate payers' monthly payments. The recent wastewater rates study increases are bondable. The approved increases let a lender know that those funds are certain in the future.

The City has spoken to iBank (a California government agency that acts like a commercial lending bank) about providing low interest loans for water and wastewater infrastructure projects. They are a promising source – our next step with them is to determine what Sutter Creek's purchasing power is given our current rate study and customers. City staff are currently gathering financial documents to submit to iBank. Their lending criteria will determine how much debt they are willing to fund, and identify the funding gap remaining. Funding could be secured in as little as 6 months. A borrower's resolution will be needed from council prior to the application.

The City has taken steps to strengthen its financial position significantly. As part of the ARSA Dissolution, \$650,000 in principal and interest that was disputed was removed from the books, improving our debt capacity. The City has about \$578,000 outstanding debt though a USDA loan that was used to improve the collection system.

The CWSRF planning grant that was allocated to the City has expired and the unused funds are no longer available to us. Staff finished up the final report with Carollo but because of the starts and stops over time, and Carollo's interpretation of the I&I flow data, a definitive conclusion was not reached. CWSRF staff have indicated that the City should reapply but only after the planning has been further defined. The City will reapply but given the current State funding levels it should not be counted on as a funding source in the near future. City staff are currently monitoring other grants (USDA and energy efficiency and resiliency) and will apply for any of these that the criteria is met along with the CWSRF.

We have talked to three alternative grant monitoring and writing companies. Each had their pros and cons. Staff expects to move forward with one of them in the next month to begin more aggressively monitoring and applying for grant funding.

Finally, we are evaluating how to handle Sutter Creek Ranch, a new development in the Gold Rush specific plan area. We need a modular approach that will allow growth that can help fund the new wastewater plant, but is not solely dependent on this projects success in order to fund anything. Firms are recommending modular technology to add capacity, but the core design and construction may require development within Sutter Creek to be viable. Development in the Gold Rush area could include a combination of disposal, storage, and cash investment.

City staff also submitted a request to be the preferred wastewater provider to future development in the Wicklow Way area, providing more ratepayers that could fund future development.

**NEXT STEPS:** In the coming months, the City will submit financial documents to iBank to determine our purchasing power. We will continue to reach out to some additional construction firms and then develop an RFQ to solicit a design partner. The selected design firm and the City will determine options for the new WWTP with and without new development. We will continue to update Council as progress is made.